

House File 681

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1 3 AN ACT
1 4 RELATING TO TAX CREDITS AND ASSOCIATED REFUNDS FOR COOPERA=
1 5 TIVES ENGAGED IN THE PRODUCTION OF VALUE=ADDED AGRICULTURAL
1 6 PRODUCTS, AND PROVIDING FOR ITS APPLICABILITY.
1 7
1 8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 9
1 10 Section 1. Section 15.333, subsection 1, unnumbered
1 11 paragraph 1, Code 2003, is amended to read as follows:
1 12 An eligible business may claim a corporate tax credit up to
1 13 a maximum of ten percent of the new investment which is
1 14 directly related to new jobs created by the location or
1 15 expansion of an eligible business under the program. Any
1 16 credit in excess of the tax liability for the tax year may be
1 17 credited to the tax liability for the following seven years or
1 18 until depleted, whichever occurs earlier. Subject to prior
1 19 approval by the department of economic development in
1 20 consultation with the department of revenue and finance, an
1 21 eligible business whose project primarily involves the
1 22 production of value-added agricultural products may elect to
1 23 receive a refund of all or a portion of an unused tax credit.
1 24 For purposes of this section, an eligible business includes a
1 25 cooperative described in section 521 of the Internal Revenue
1 26 Code which is not required to file an Iowa corporate income
1 27 tax return, and whose project primarily involves the
1 28 production of ethanol. The refund may be used against a tax
1 29 liability imposed under chapter 422, division II, III, or V.
1 30 If the business is a partnership, S corporation, limited
1 31 liability company, cooperative organized under chapter 501 and
1 32 filing as a partnership for federal tax purposes, or estate or
1 33 trust electing to have the income taxed directly to the
1 34 individual, an individual may claim the tax credit allowed.
1 35 The amount claimed by the individual shall be based upon the
2 1 pro rata share of the individual's earnings of the
2 2 partnership, S corporation, limited liability company,
2 3 cooperative organized under chapter 501 and filing as a
2 4 partnership for federal tax purposes, or estate or trust.
2 5 Sec. 2. Section 15.333, subsection 2, Code 2003, is
2 6 amended to read as follows:
2 7 2. An eligible business whose project primarily involves
2 8 the production of value-added agricultural products, that
2 9 elects to receive a refund of all or a portion of an unused
2 10 tax credit, shall apply to the department of economic
2 11 development for tax credit certificates. An eligible business
2 12 whose project primarily involves the production of value-added
2 13 agricultural products shall not claim a tax credit under this
2 14 section unless a tax credit certificate issued by the
2 15 department of economic development is attached to the
2 16 taxpayer's tax return for the tax year for which the tax
2 17 credit is claimed. For purposes of this section, an eligible
2 18 business includes a cooperative described in section 521 of
2 19 the Internal Revenue Code which is not required to file an
2 20 Iowa corporate income tax return, and whose project primarily
2 21 involves the production of ethanol. For purposes of this
2 22 section, an eligible business also includes a cooperative
2 23 described in section 521 of the Internal Revenue Code which is
2 24 required to file an Iowa corporate income tax return and whose
2 25 project primarily involves the production of ethanol. Such
2 26 cooperative may elect to transfer all or a portion of its tax
2 27 credit to its members. The amount of tax credit transferred
2 28 and claimed by a member shall be based upon the pro rata share
2 29 of the member's earnings of the cooperative.
2 30 A tax credit certificate shall not be valid until the tax
2 31 year following the date of the project completion. A tax
2 32 credit certificate shall contain the taxpayer's name, address,
2 33 tax identification number, the date of project completion, the
2 34 amount of the tax credit, and other information required by
2 35 the department of revenue and finance. The department of
3 1 economic development shall not issue tax credit certificates
3 2 which total more than four million dollars during a fiscal
3 3 year. If the department receives applications for tax credit
3 4 certificates in excess of four million dollars, the applicants
3 5 shall receive certificates for a prorated amount. The tax

3 6 credit certificates shall not be transferred except as
3 7 provided in this subsection for a cooperative described in
3 8 section 521 of the Internal Revenue Code which is required to
3 9 file an Iowa corporate income tax return ~~and whose project~~
~~3 10 primarily involves the production of ethanol.~~ For a
3 11 cooperative described in section 521 of the Internal Revenue
3 12 Code, the department of economic development shall require
3 13 that the cooperative submit a list of its members and the
3 14 share of each member's interest in the cooperative. The
3 15 department shall issue a tax credit certificate to each member
3 16 contained on the submitted list.
3 17 Sec. 3. APPLICABILITY DATE. This Act applies to tax years
3 18 beginning on or after July 1, 2003.
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3 23 CHRISTOPHER C. RANTS
3 24 Speaker of the House
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3 26 _____
3 27 MARY E. KRAMER
3 28 President of the Senate
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3 30 I hereby certify that this bill originated in the House and
3 31 is known as House File 681, Eightieth General Assembly.
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3 35 _____
3 36 MARGARET THOMSON
3 37 Chief Clerk of the House
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4 2 Approved _____, 2003
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4 6 THOMAS J. VILSACK
4 7 Governor